

KELLEY DRYE & WARREN LLP

A LIMITED LIABILITY PARTNERSHIP

3050 K. STREET, N.W.

SUITE 400

WASHINGTON, D.C. 20007

(202) 342-8400

NEW YORK, NY

TYSONS CORNER, VA

CHICAGO, IL

STAMFORD, CT

PARSIPPANY, NJ

BRUSSELS, BELGIUM

AFFILIATE OFFICES

MUMBAI, INDIA

FACSIMILE

(202) 342-8451

www.kelleydrye.com

2009-111-C - 226662  
2009-410-C - 226663  
2002-252-C - 226661

November 1, 2010

***Via Overnight Delivery***

Jocelyn Boyd  
Executive Director  
South Carolina Public Service Commission  
101 Executive Center Drive, Suite 100  
Columbia, SC 29210

Re: *Informational Filing Regarding a Change in Ownership of Cypress Communications Operating Company, LLC*

Dear Ms. Boyd:

TechInvest Holding Company, Inc. ("THC"), Cypress Communications Operating Company, LLC ("Cypress") and The Broadvox Holding Company, LLC ("Broadvox") (collectively, "Parties"), by their counsel, hereby respectfully notify the South Carolina Public Service Commission ("Commission") of a pending merger transaction that will result in the transfer of control of Cypress from its existing ultimate parent, THC, to Broadvox. Cypress provides managed voice and data communications services via TDM and VoIP to business customers in the top 31 markets in the U.S. Cypress is authorized as a competitive provider of telecommunications services in 32 states, including in South Carolina. Cypress is a wholly-owned indirect subsidiary of THC, which is controlled by affiliates of Arcapita Bank B.S.C. (c) ("Arcapita"). Broadvox, through its subsidiaries, currently provides unregulated IP-based communications services to wholesale and retail business customers in the U.S., but no Broadvox entity currently provides domestic or international telecommunications services. This information is being submitted to the Commission for informational purposes only.

As described more fully below, Broadvox and THC have entered into an agreement pursuant to which a subsidiary of Broadvox will merge with and into THC. THC will survive the merger, and thus, Cypress will become a wholly-owned indirect subsidiary of Broadvox (the "Transaction"). This change in ultimate control of Cypress will occur at the parent holding company level and will not directly involve the

November 1, 2010

Page 2 of 6

membership interests of Cypress. Further, the Transaction does not involve a transfer of operating authority, assets or customers, and the process is expected to be seamless to end user customers. Immediately following consummation of the Transaction, Cypress will continue to offer the same services, rates, terms and conditions pursuant to its existing authorizations and the only change resulting from the Transaction will be that Cypress will be ultimately owned by Broadvox. Arcapita will have no equity interest in Cypress or Broadvox post-close.

**The Parties.** Broadvox is a Delaware limited liability company with its principal place of business at 1228 Euclid Avenue, Suite 390, Cleveland, Ohio 44115. Broadvox is a holding company that operates through its subsidiaries, including BroadvoxGO! LLC (“BroadvoxGO”); Broadvox, LLC (“Broadvox Wholesale”); Brivia Acquisition, LLC (“Brivia”); and Origination Technologies, LLC (“Origination”). Another subsidiary, Broadvox-CLEC, LLC (“Broadvox-CLEC”), holds licenses and certificates authorizing it to provide telecommunications services, but this entity does not currently provide any service to any customers. Broadvox provides unregulated IP-based information services to approximately 300 wholesale carriers and over 3,500 small- and medium-sized businesses and enterprise retail customers. Through Broadvox Wholesale, Brivia, and Origination, Broadvox offers wholesale SIP originating and terminating services to CLECs, ISPs, Internet telephone service providers, and application service providers. Broadvox provides retail VoIP and SIP trunking products to small- to medium-sized businesses and large enterprises through BroadvoxGO. Most of Broadvox’s revenues are derived from its wholesale product line.

Broadvox Wholesale, Brivia, and Origination provide wholesale termination services world-wide, and origination services throughout the U.S. Retail VoIP and SIP trunking originating services are available through BroadvoxGO in the continental U.S. and Hawaii. Customers who purchase retail SIP trunking terminating service can make local calls wherever originating service is available; long distance calls throughout the U.S., including Puerto Rico and the U.S. Virgin Islands; and international calls throughout the world. BroadvoxGO’s top 10 markets for retail VoIP and SIP trunking products are Texas, California, Washington, Florida, Ohio, Illinois, New York, Pennsylvania, Virginia, and Arizona.

No Broadvox entity (including any Broadvox affiliate) currently provides either domestic or international telecommunications services. Broadvox-CLEC holds international Section 214 authority from the Federal Communications Commission and holds or has applied for certificates to provide local and intrastate toll services in 43 states, including in South Carolina pursuant to Docket No. 2009-111-C. The senior management of Broadvox-CLEC has great depth in the telecommunications industry and offers extensive telecommunications business, technical and managerial expertise to Broadvox-CLEC.

November 1, 2010

Page 3 of 6

Broadvox is owned and managed by its sole member, Broadvox, Inc. ("Broadvox Parent"), an Ohio company and holding company. Three (3) individuals, all U.S. citizens, hold a 10 percent or greater interest in Broadvox Parent. Andre Temnorod, the Chairman and CEO of Broadvox Parent, holds a 43.66 percent ownership interest in Broadvox Parent. Eugene Blumin, the Chief Operating Officer of Broadvox Parent, holds a 21.83 percent ownership interest in Broadvox Parent. Alex Bederman also holds a 21.83 percent ownership interest in Broadvox Parent. The principal business of Mr. Bederman is investment. No other entity or individual holds a 10 percent or greater ownership interest in Broadvox Parent.

Diagrams showing the current corporate structure of Broadvox are provided in **Exhibit A**.

Cypress is a limited liability company organized under the laws of Delaware with its principal place of business located at 4 Piedmont Center, Suite 600, 3565 Piedmont Road, Atlanta, Georgia 30305. Cypress provides voice and data telecommunications services as well as unregulated information services to approximately 5,000 small- and medium-sized business customers. Cypress offers its customers integrated service bundles that may include local, long distance, and international telecommunications services; toll-free telecommunications services; high-speed Internet access; voicemail services; e-mail services; unified messaging; firewall services; web hosting; virtual private networks; and audio and web conferencing.

Virtually all of Cypress's customers are located in class "A" office buildings, and all are based in the U.S. Cypress provides service to approximately 80 percent of its customers using a shared-tenant-services platform that relies on in-building PBXs and TDM technology. Cypress provides unregulated information services to approximately 20 percent of its customers using a VoIP-based platform that relies on Nortel switches and application servers. Cypress's VoIP services are available in the continental U.S. wherever Cypress can obtain a wholesale T-1 circuit or other access circuit with sufficient broadband capacity for its customer's needs.

Cypress holds domestic and international authority from the Federal Communications Commission as well as certificates to provide local and intrastate toll services in 32 states, including in South Carolina pursuant to Docket No. 2009-410-C.

At present, Cypress is a wholly-owned subsidiary of Cypress Communications, Inc. ("CCI"), a Delaware corporation and a holding company. CCI is, in turn, a wholly-owned subsidiary of Cypress Communications Holding Company ("Cypress Holding"), a Delaware corporation and a holding company. Cypress Holding is a wholly-owned subsidiary of THC, which is also a Delaware corporation. THC is controlled by Arcapita, a joint stock company

November 1, 2010

Page 4 of 6

that is organized under the laws of the Kingdom of Bahrain and that holds, indirectly, a majority of Cypress's stock. Arcapita is a private equity firm whose U.S. operations are based in Atlanta, GA. Arcapita's U.S. investment portfolio includes various U.S. companies in the manufacturing, services and technology sectors, including PODS and Caribou Coffee. Arcapita's role vis-à-vis Cypress has been to provide financial support as well as management and strategic advice, while the day-to-day operations of Cypress are handled by Cypress personnel. Arcapita is not a strategic investor, but rather a financial investor that invested in Cypress to generate a return on its capital.

Diagrams showing the current corporate structure of Cypress, including all entities and individuals that hold a 10 percent or greater equity or voting interest in Cypress at present, are provided in **Exhibit B**.

**The Transaction.** Pursuant to the terms of an Agreement and Plan of Merger ("Agreement") dated October 12, 2010 by and among Broadvox Parent; Broadvox; CCI Acquisition Corp. ("CCI Acquisition," a newly formed wholly-owned subsidiary of Broadvox); and THC, CCI Acquisition will merge with and into THC. THC will be the surviving corporation and will continue in existence as a wholly-owned subsidiary of Broadvox. Thus, Cypress will become a wholly-owned indirect subsidiary of Broadvox following consummation of the Transaction. Immediately before closing the Transaction, Arcapita will reorganize the corporate structure of Cypress. This *pro forma* reorganization is for tax purposes and is intended to facilitate the Transaction. Once the proposed Transaction is closed, Arcapita will have no ongoing equity interests in either Cypress or Broadvox, and no form of control or management oversight.

The Transaction will be transparent to Cypress's customers. All existing customers of Cypress will continue to be served by Cypress pursuant to its existing telecommunications authorizations. The operations of Broadvox's other subsidiaries will not be affected by the Transaction described herein. Diagrams of the corporate structure of Cypress immediately prior to closing the Transaction are provided in **Exhibit C**. A diagram of the corporate structure of Cypress after merging into Broadvox is provided in **Exhibit D**.

**Public Interest Considerations.** The Transaction described herein will serve the public interest. Arcapita's support over the past five (5) years has transformed Cypress into an innovative, world-class provider of TDM- and IP-based communications services. However, Arcapita is not a communications service provider; its interest in Cypress has always been strictly for the purposes of investment. Arcapita has determined that its continued ownership and control of Cypress is no longer consistent with its investment objectives. Accordingly, Arcapita has elected to exit from Cypress.

November 1, 2010

Page 5 of 6

The financial, technical, and managerial resources that Broadvox will bring to Cypress will further enhance Cypress's ability to compete in the telecommunications and information services marketplace. Broadvox and its current subsidiaries are established providers of IP-based services to wholesale and business customers. Broadvox's history of providing quality service to its customers demonstrates that Broadvox is legally, technically, and financially qualified to own and operate Cypress as proposed in the Agreement.

At the same time, the proposed transaction will have no adverse impact on Cypress's current customers. These customers will continue to receive their existing services at the same rates, terms and conditions as at present. Any future changes to the rates, terms and conditions of service will be made consistent with Commission requirements. The only significant change following the closing of the transaction from the customers' perspective will be that Broadvox will be the new owner of Cypress. Any future consolidation of the operations of Cypress into or with other Broadvox operating companies, such that customers would see a change in their service provider, would be undertaken pursuant to the Commission's rules and notice requirements.

The Parties submit that no prior Commission approval is required for the Parties to consummate the proposed Transaction described herein. Should the Commission believe that any action is required, the Parties respectfully request that the Commission notify the undersigned at its earliest convenience. In the absence of any response from the Commission, the Parties will proceed with its plans to consummate the transaction as contemplated.

KELLEY DRYE & WARREN LLP

November 1, 2010

Page 6 of 6

Enclosed please find fifteen (15) copies, a duplicate copy and a self-addressed, postage-paid envelope. Please date-stamp the duplicate upon receipt and return it in the envelope provided. Again, should the Commission have any questions regarding this filing, please do not hesitate to contact the undersigned

Respectfully submitted,

The Broadvox Holding Company, LLC

Cypress Communications  
Operating Company, LLC

TechInvest Holding Company,  
Inc.

By: Alexander Gertsburg By: Melissa Conway

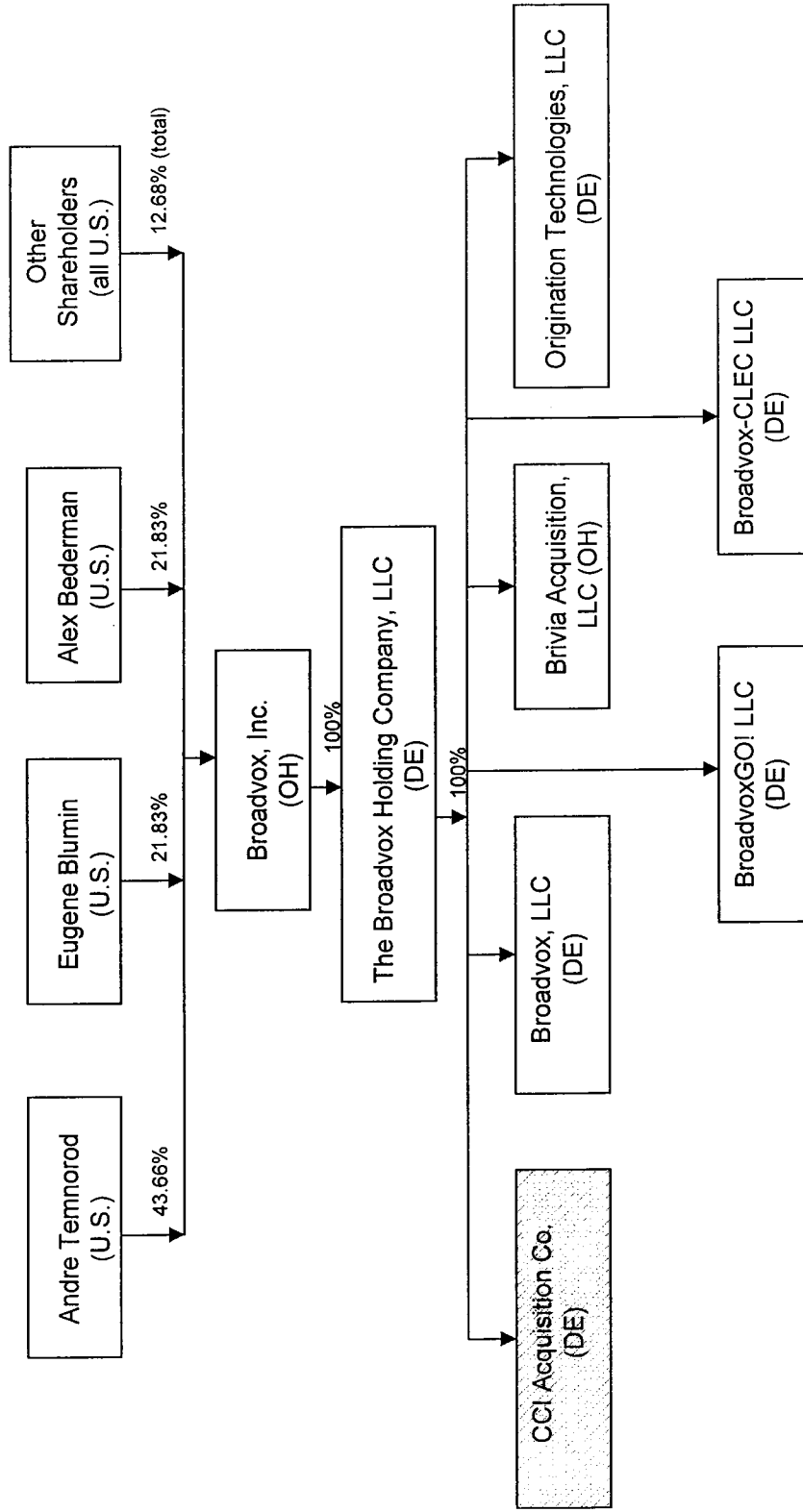
Alexander E. Gertsburg  
Vice President/General Counsel  
Broadvox, Inc.  
1228 Euclid Avenue, Suite 390  
Cleveland, Ohio 44115  
(216) 373-4811 (telephone)  
(216) 373-4812 (facsimile)  
[agertsburg@broadvox.com](mailto:agertsburg@broadvox.com)

Joan M. Griffin  
Melissa S. Conway  
Kelley Drye & Warren LLP  
3050 K Street, NW  
Suite 400  
Washington, D.C. 20007  
Tel: (202) 342-8552  
Fax: (202) 342-8451  
[mconway@kelleydrye.com](mailto:mconway@kelleydrye.com)

Their Counsel

# **Exhibit A**

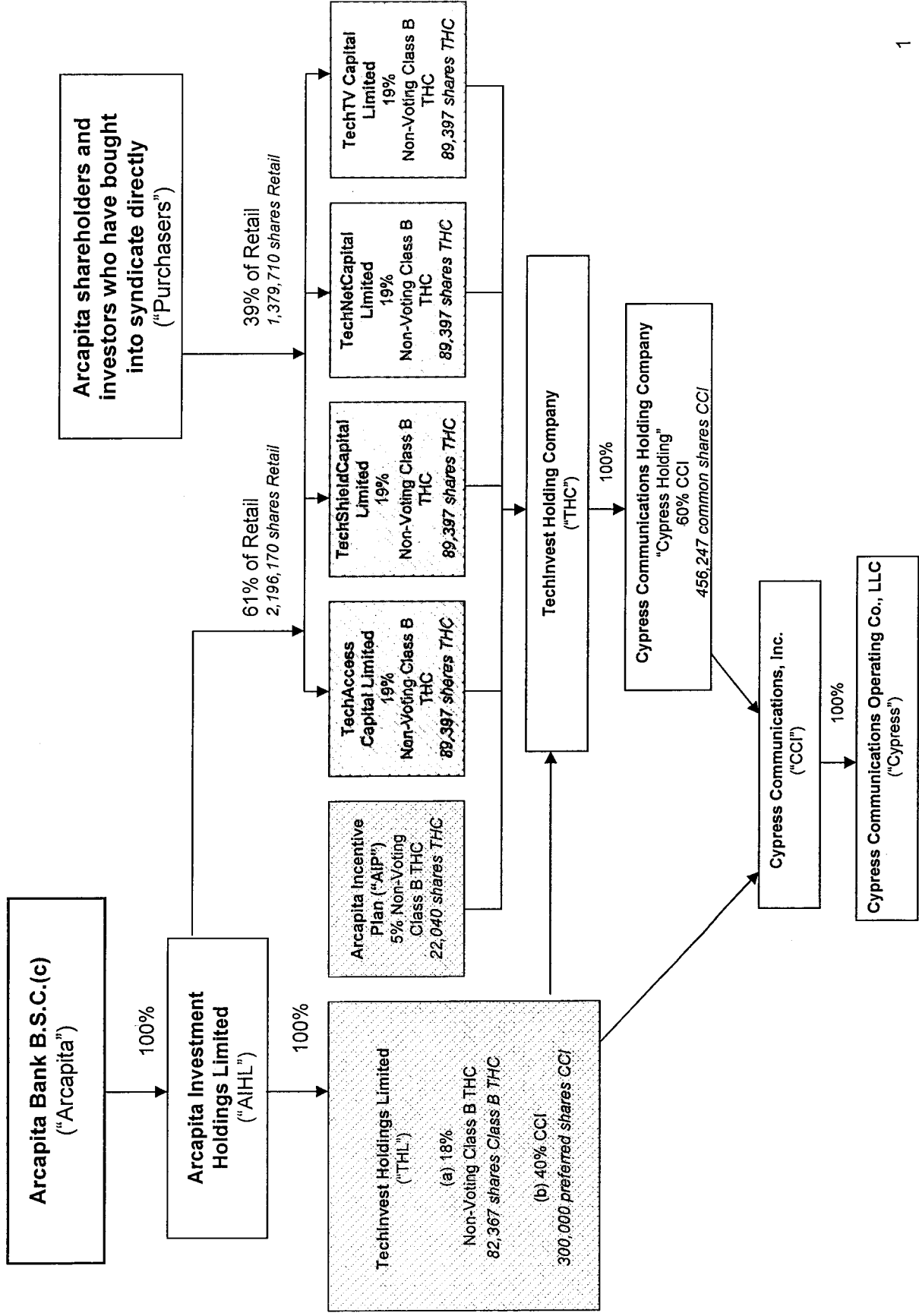
# CURRENT CORPORATE STRUCTURE OF BROADVOX





# **Exhibit B**

# **CURRENT CYPRESS CORPORATE STRUCTURE: Non-Voting THC Equity Interests; CCI Interests**



## CURRENT CYPRESS CORPORATE STRUCTURE: Non-Voting THC Equity Interests; CCI Interests

### Notes to previous chart

THC is a Delaware corporation. The equity of THC consists of non-voting Class B common stock and voting Class A common stock. Ownership of the voting Class A common stock is shown on page 3.

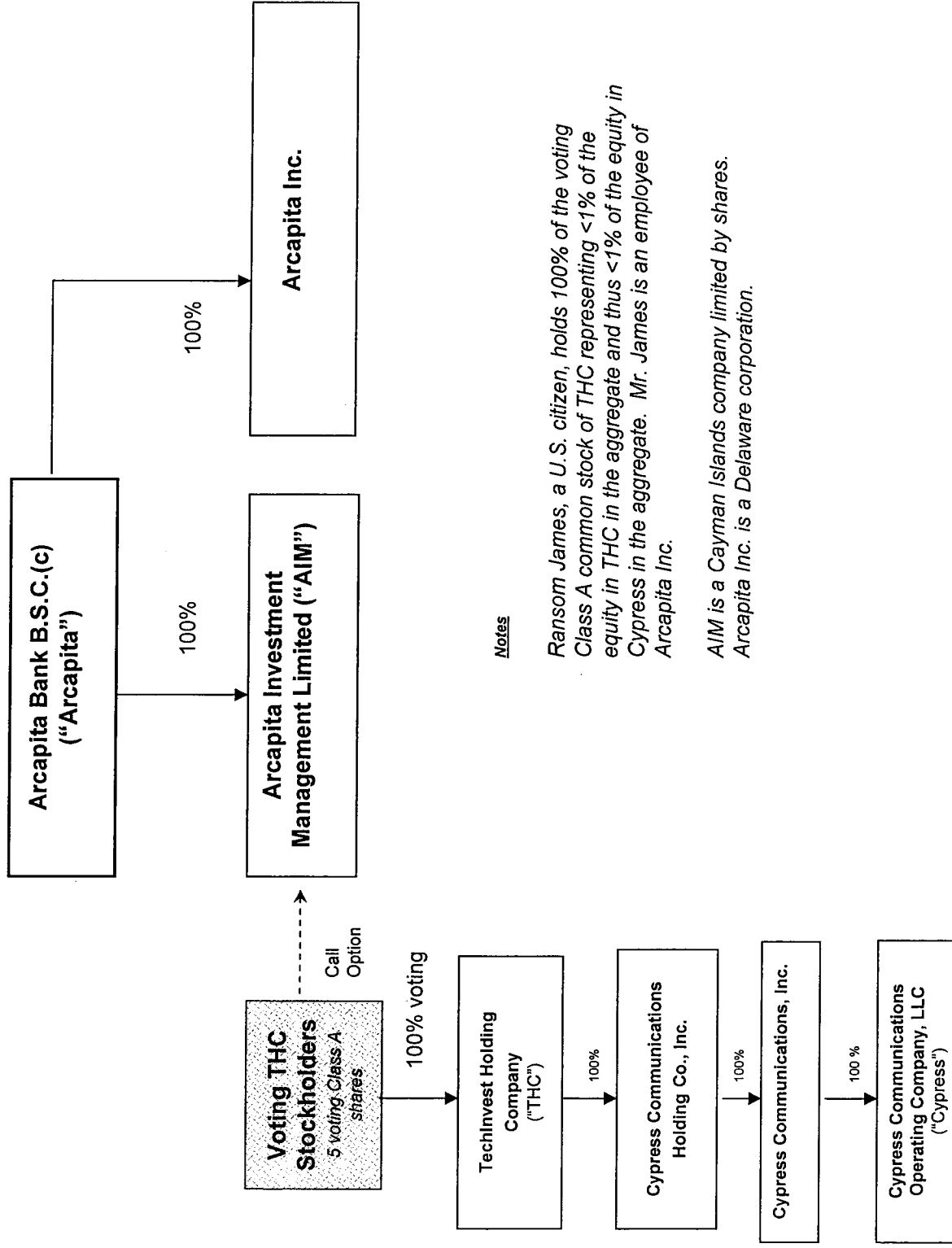
TechAccess Capital Limited, TechShield Capital Limited, TechNet Capital Limited, and TechTV Capital Limited are collectively referred to as "Retail" (also known as the Non-Voting Cayman Entities). Each of the Retail entities is a Cayman Islands company limited by shares. Each of the Retail entities holds directly 19% of the non-voting Class B equity interests of THC. In total, Retail holds directly 77% of the non-voting Class B equity interests of THC. AIHL holds 61% of Retail while "Purchasers" hold 39% of Retail. AIHL is a Cayman Islands company limited by shares; Arcapita, a joint stock company organized under the laws of the Kingdom of Bahrain, holds 100% of the interest in AIHL. "Purchasers" are those Arcapita shareholders and investors who have bought shares in Retail directly. Purchasers are independent and do not act in concert. Purchasers were allocated shares in particular Retail entities by Arcapita; Purchasers did not select the Retail entity in which they would hold their shares.

AIP is a Cayman Island company limited by shares. AIP is owned by the management of Arcapita and Arcapita Inc., and is the vehicle by which Arcapita employees hold interests in THC. AIP holds directly 5% of the non-voting Class B equity interest of THC.

THL is a Delaware corporation. THL holds directly 18% of the non-voting Class B equity interest of THC.

CCI is a Delaware corporation. The equity of CCI consists of common and preferred stock. Cypress Holding, a wholly-owned subsidiary of THC and a Delaware corporation, holds directly 456,247 shares of CCI common stock, which is 60% of the equity of CCI and all of the voting stock of CCI. THL holds directly 300,000 shares of CCI non-voting preferred stock, which is 40% of the equity. Cypress Management have an equity option plan to directly hold 80,000 shares of CCI common stock. Approximately 65,000 options have been issued and are outstanding at this time. The options are exercisable only when Cypress is sold.

# CURRENT CYPRESS CORPORATE STRUCTURE: Voting THC Interests



## CURRENT CYPRESS CORPORATE STRUCTURE: FCC Analysis

### FCC Analysis

Cypress is the FCC authorization holder. For purposes of the FCC analysis, the following entities hold 10% or more of the equity interests in Cypress as follows:

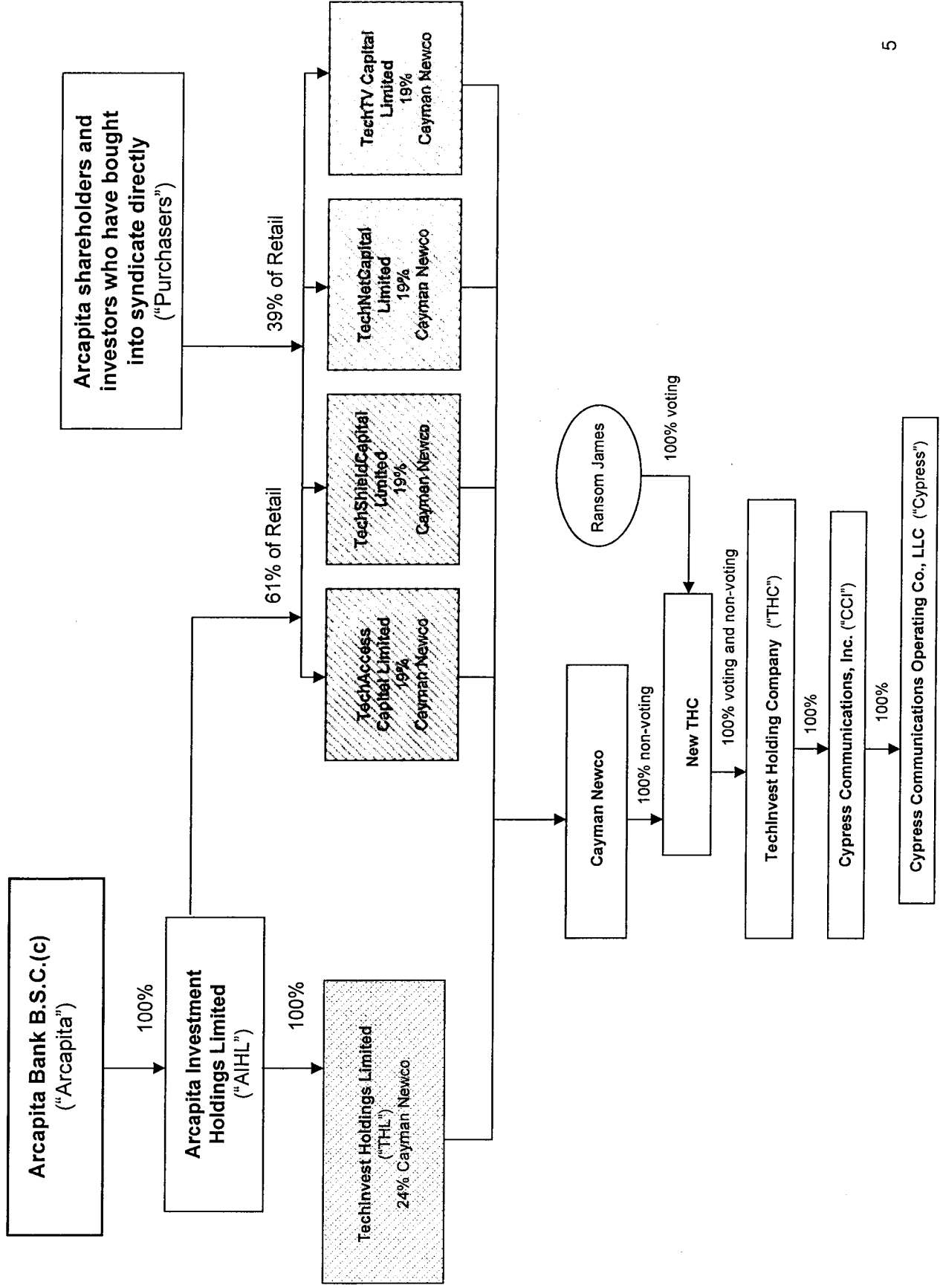
- CCI: 100%
- Cypress Holding: 60% (Cypress Holding's 60% x CCI's 100% of Cypress)
- THC: 60% (THC's 100% x Cypress Holding's 60% x CCI's 100% of Cypress)
- Retail: 11.5% individually, 46% in total (Retail's total 77% x THC's 100% x Cypress Holding's 60% x CCI's 100% of Cypress)
- THL: 51% (THL's 18% of THC x THC's 100% x Cypress Holding's 60% x CCI's 100% of Cypress + THL's 40% of CCI x CCI's 100% of Cypress)
- AIHL: 79% (AIHL's 61% of Retail x Retail's total 77% x THC's 100% x Cypress Holding's 60% x CCI's 100% of Cypress + THL's 18% of THC x THC's 100% x Cypress Holding's 60% x CCI's 100% of Cypress + THL's 40% of CCI x CCI's 100% of Cypress)
- Arcapita: 79% (Arcapita's 100% of AIHL, which holds 79% per previous line)

No Arcapita shareholder or investor holds an ownership interest in Retail that, separately or (in the case of Arcapita shareholders that are also investors) combined with the investor's interest in Arcapita, would be sufficient to constitute a 10 percent or greater equity interest in Cypress under the FCC's ownership attribution rules.

Mr. James holds 100% of the voting interests in THC. Since Mr. James is an employee of Arcapita Inc. and acts only at the direction of Arcapita, Mr. James's interests are attributable to Arcapita.

# **Exhibit C**

# **CYPRESS CORPORATE STRUCTURE** Immediately Prior to Close



## **CYPRESS CORPORATE STRUCTURE**

### **Immediately Prior to Close**

#### **Notes to previous chart**

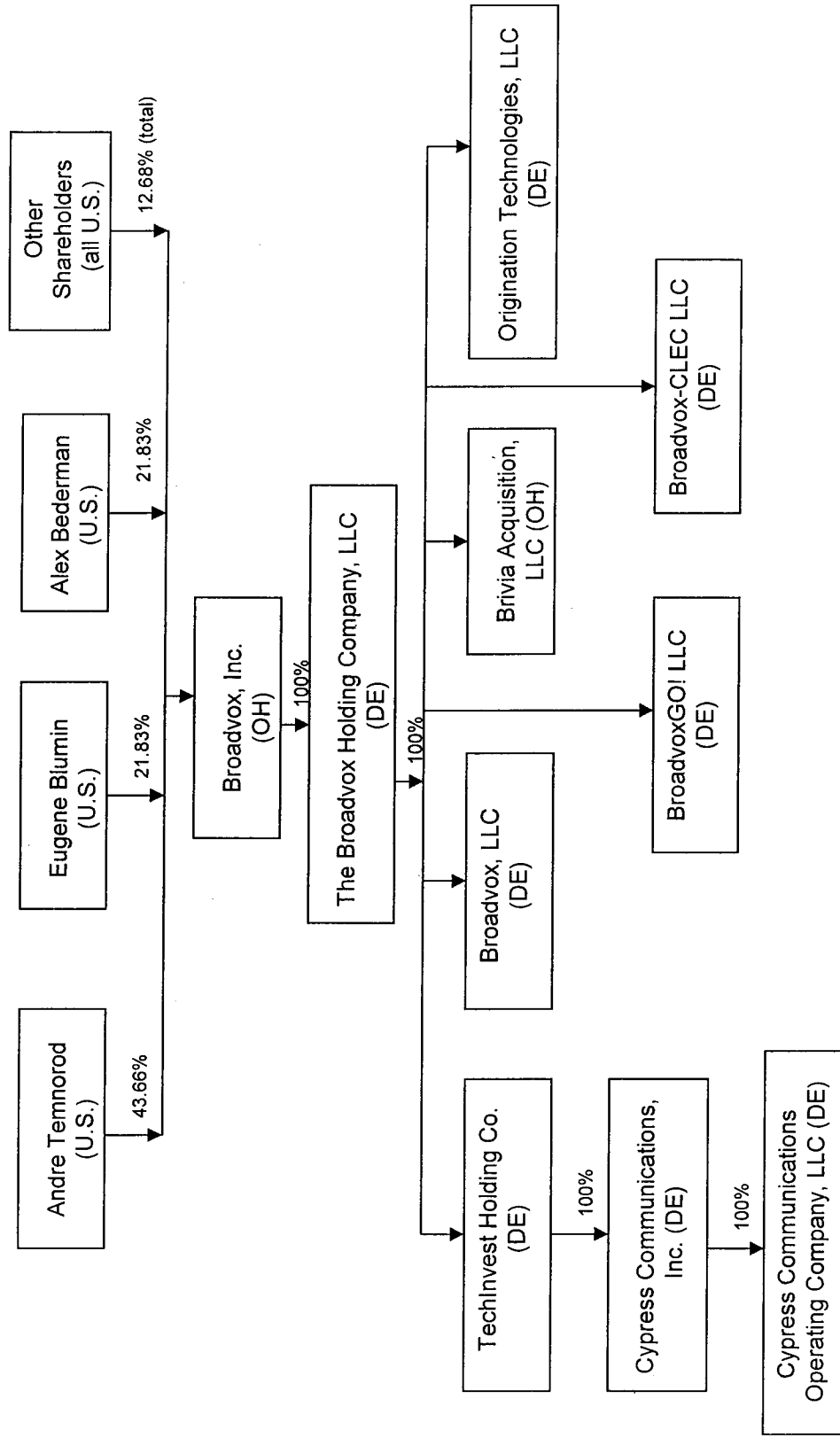
*Immediately before closing, Arcapita will reorganize the corporate structure of Cypress. This pro forma reorganization is for tax purposes and is intended to facilitate the transaction. The reorganization consists of the following steps.*

- 1. THL forms Cayman Newco (a Cayman Islands entity) and contributes its CCI preferred stock to Cayman Newco in exchange for shares of Cayman Newco preferred stock having economic terms similar to the terms of the CCI preferred stock.*
- 2. THL, AIP, TechAccess Capital Ltd, TechShield Capital Ltd., TechNet Capital Ltd., and TechTV Capital Ltd. contribute their shares of non-voting Class B common stock of THC to Cayman Newco in exchange for common shares of Cayman Newco.*
- 3. Cayman Newco contributes 100% of the CCI preferred stock to THC in exchange for additional shares of non-voting Class B common stock issued by THC.*
- 4. Cypress Holding merges with and into THC, with THC surviving the merger.*
- 5. Cayman Newco contributes 100% of the shares of non-voting Class B common stock of THC to New THC LLC, a Delaware limited liability company ("New THC"), in exchange for an equal number of non-voting limited liability company units of New THC.*
- 6. Ransom James, the sole holder of the voting Class A common stock of THC, contributes 100% of the shares of voting Class A common stock of THC to New THC in exchange for an equal number of voting limited liability company units of New THC.*



# **Exhibit D**

# CORPORATE STRUCTURE OF BROADVOX POST-CLOSE



## VERIFICATION

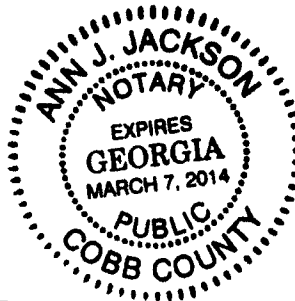
I, John A. Harwood, am Vice President and General Counsel of Cypress. I am authorized to represent it and its affiliates and to make this verification on their behalf. The statements in the foregoing document relating to Cypress and its affiliates, except as otherwise specifically attributed, are true and correct to the best of my knowledge and belief.

I declare under penalty of perjury that the foregoing is true and correct.

John A. Harwood

Subscribed and sworn to before me this 16<sup>th</sup> day of  
September 2010.

Ann J. Jackson  
Notary Public

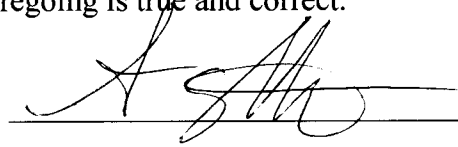


My Commission expires: 3/7/2014

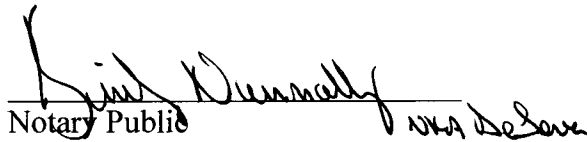
## VERIFICATION

I, Alex Gertsburg, am Vice President and General Counsel of Broadvox, Inc. I am authorized to represent it and its affiliates and to make this verification on their behalf. The statements in the foregoing document relating to Broadvox, Inc. and its affiliates, except as otherwise specifically attributed, are true and correct to the best of my knowledge and belief.

I declare under penalty of perjury that the foregoing is true and correct.



Subscribed and sworn to before me this 16<sup>th</sup> day of September 2010.

  
Notary Public

My Commission expires: 2/20/2012



**KIMBERLY NUNNALLY**  
Notary Public - State of Ohio  
My Commission Expires Feb. 20, 2012

RECEIVED  
2010 SEP 16 10 10 AM  
NOTARY PUBLIC